

B

Economic Development and Regulation

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Office of the Deputy Mayor for Planning and Economic Development

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Description	FY 2009 Actual	FY 2010 Approved	FY 2011 Proposed	% Change from FY 2010
Operating Budget	\$73,331,916	\$42,059,768	\$23,614,430	-43.9
FTEs	59.0	64.5	62.0	-3.9

The mission of the Office of the Deputy Mayor for Planning and Economic Development (DMPED) is to support the Mayor in developing and executing the District's economic development policy.

Summary of Services

DMPED assists the Mayor in the coordination, planning, supervision, and, in some cases, execution of programs, policies, proposals, and functions related to the economic development of the District of Columbia. DMPED sets development priorities and policies, coordinates how the District markets itself to businesses and developers, and recommends and ensures the implementation of financial packaging for

District development, attraction, and retention efforts. DMPED also focuses on outreach to the business community and neighborhood stakeholders and on forming partnerships between government, business, and the community to foster economic growth for residents of the District of Columbia.

The agency's FY 2011 proposed budget is presented in the following tables:

FY 2011 Proposed Gross Funds Operating Budget, by Revenue Type

Table EB0-1 contains the proposed FY 2011 agency budget compared to the FY 2010 approved budget. It also provides FY 2008 and FY 2009 actual expenditures.

Table EB0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change*
General Fund						
Local Funds	23,505	31,812	4,020	2,295	-1,725	-42.9
Dedicated Taxes	39,623	12,330	21,164	6,793	-14,370	-67.9
Special Purpose Revenue Funds	42,693	26,946	8,226	7,878	-348	-4.2
Total for General Fund	105,821	71,087	33,410	16,966	-16,443	-49.2
Federal Resources						
Federal Payments	0	0	0	1,000	1,000	N/A
Federal Grant Funds	0	-47	8,000	5,000	-3,000	-37.5
Total for Federal Resources	0	-47	8,000	6,000	-2,000	-25.0
Intra-District Funds						
Intra-District Funds	944	2,291	650	648	-2	-0.3
Total for Intra-District Funds	944	2,291	650	648	-2	-0.3
Gross Funds	106,765	73,332	42,060	23,614	-18,445	-43.9

*Percent Change is based on whole dollars.

Note: If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and Intra-District agreement, please refer to **Schedule 80, Agency Summary by Revenue Source**, in the **Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2011 Proposed Full-Time Equivalents, by Revenue Type

Table EB0-2 contains the proposed FY 2011 FTE level compared to the FY 2010 approved FTE level by revenue type. It also provides FY 2008 and FY 2009 actual data.

Table EB0-2

Appropriated Fund	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change
General Fund						
Local Funds	19.6	15.6	15.5	12.0	-3.5	-22.6
Dedicated Taxes	0.0	2.7	4.0	4.0	0.0	0.0
Special Purpose Revenue Funds	37.0	40.5	42.0	43.0	1.0	2.4
Total for General Fund	56.6	58.8	61.5	59.0	-2.5	-4.1
Intra-District Funds						
Intra-District Funds	2.0	0.2	3.0	3.0	0.0	0.0
Total for Intra-District Funds	2.0	0.2	3.0	3.0	0.0	0.0
Total Proposed FTEs	58.6	59.0	64.5	62.0	-2.5	-3.9

FY 2011 Proposed Operating Budget, by Comptroller Source Group

Table EB0-3 contains the proposed FY 2011 budget at the Comptroller Source Group (object class) level compared to the FY 2010 approved budget. It also provides FY 2008 and FY 2009 actual expenditures.

Table EB0-3
(dollars in thousands)

Comptroller Source Group	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change*
11 - Regular Pay - Cont Full Time	2,009	1,140	2,635	3,166	531	20.2
12 - Regular Pay - Other	3,034	4,051	2,838	2,212	-625	-22.0
13 - Additional Gross Pay	110	37	10	0	-10	-100.0
14 - Fringe Benefits - Current Personnel	792	887	875	902	27	3.1
15 - Overtime Pay	1	0	2	0	-2	-100.0
Subtotal Personal Services (PS)	5,947	6,114	6,360	6,281	-79	-1.2
20 - Supplies and Materials	65	37	90	44	-46	-50.9
30 - Energy, Comm. and Building Rentals	0	0	1	0	-1	-100.0
31 - Telephone, Telegraph, Telegram, Etc.	161	149	109	53	-56	-51.5
32 - Rentals - Land and Structures	778	674	938	438	-499	-53.3
34 - Security Services	14	0	0	0	0	N/A
35 - Occupancy Fixed Costs	0	0	6	0	-6	-100.0
40 - Other Services and Charges	5,913	1,568	8,553	2,974	-5,579	-65.2
41 - Contractual Services - Other	6,020	7,415	3,535	1,901	-1,634	-46.2
50 - Subsidies and Transfers	81,474	57,350	22,433	11,913	-10,520	-46.9
70 - Equipment and Equipment Rental	103	25	35	10	-25	-71.5
80 - Debt Service	6,291	0	0	0	0	N/A
Subtotal Nonpersonal Services (NPS)	100,819	67,217	35,700	17,334	-18,366	-51.4
Gross Funds	106,765	73,332	42,060	23,614	-18,445	-43.9

*Percent Change is based on whole dollars.

Program Description

The Office of Deputy Mayor for Planning and Economic Development operates through the following 4 programs:

Deputy Mayor for Planning and Economic Development – provides specialized and strategic economic development assistance. This includes program and policy development and inter-agency coordination services between businesses, developers, and community stakeholders to enable them to pursue ventures that revitalize neighborhoods, expand and diversify the local economy, and provide economic opportunity for District residents.

This program contains the following 5 activities:

- **Agency Oversight** – monitors agency performance and provides resources or direction to mayoral agencies so that they can overcome obstacles and achieve their strategic goals;
- **Community Outreach** – provides information and referrals to individuals, businesses, and organizations so that raised issues are resolved by the appropriate economic development cluster agency in accordance with District customer service standards;
- **Economic Development Financing** – provides gap financing and other economic assistance services to businesses and organizations to leverage private sector investment in neighborhood retail, commercial, employment and housing opportunities for District residents; and
- **Neighborhood Investment Fund** – provides financing to projects in 12 target neighborhoods to stimulate economic development and neighborhood revitalization.

Instrumentality Economic Development – implements neighborhood revitalization and economic development projects.

This program contains the following activity:

- **Development and Disposition** - includes the projects of the former National Capital Revitalization Corporation and Anacostia Waterfront Corporation (such as the Southwest Waterfront, Hill East, Poplar Point, the ballpark district, Skyland Shopping Center, and the former

McMillan Reservoir Sand Filtration site), and provides coordination of the implementation of the Anacostia Waterfront Initiative, which supports the District's goals of promoting environmentally and socially responsible redevelopment along the Anacostia River and increasing public access to the river and riverfront parks.

Agency Management – provides administrative support and the required tools to achieve operational and programmatic results. This program is standard for all agencies using performance-based budgeting.

Agency Financial Operations – provides comprehensive financial management services to, and on behalf of, District agencies so that the financial integrity of the District of Columbia is maintained. This program is standard for agencies using performance-based budgeting.

Program Structure Change

The Office of Deputy Mayor for Planning and Economic Development had no program structure changes in the FY 2011 Proposed Budget.

FY 2011 Proposed Operating Budget and FTEs, by Program and Activity

Table EB0-4 contains the proposed FY 2011 budget by program and activity compared to the FY 2010 approved budget. It also provides FY 2009 actual data.

Table EB0-4

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010
(1000) Agency Management								
(1010) Personnel	185	50	0	-50	0.1	0.0	0.0	0.0
(1015) Training and Employee Development	74	15	10	-5	0.1	0.0	0.0	0.0
(1020) Contracting and Procurement	71	551	0	-551	0.0	0.0	0.0	0.0
(1030) Property Management	674	506	0	-506	0.0	0.0	0.0	0.0
(1040) Information Technology	165	83	58	-25	0.0	0.0	0.0	0.0
(1050) Financial Management	73	0	0	0	0.1	0.0	0.0	0.0
(1055) Risk Management	196	0	0	0	0.4	0.0	0.0	0.0
(1080) Communications	98	1	116	115	0.1	0.0	1.0	1.0
Subtotal (1000) Agency Management	1,538	1,207	184	-1,023	0.8	0.0	1.0	1.0
(100F) Agency Financial Operations								
(110F) Budget Operations	137	0	244	244	1.1	0.0	2.0	2.0
Subtotal (100F) Agency Financial Operations	137	0	244	244	1.1	0.0	2.0	2.0
(2000) Deputy Mayor for Planning and Economic								
(2010) Agency Oversight	768	391	306	-85	3.5	3.0	2.0	-1.0
(2020) Community Outreach	6,722	1,291	857	-434	2.4	6.5	5.0	-1.5
(2030) Economic Development Financing	8,245	7,369	5,267	-2,201	12.8	15.0	14.0	-1.0
(2040) Restore D.C.	0	94	0	-94	1.0	1.0	0.0	-1.0
(2050) Home Again	0	0	0	0	0.1	0.0	0.0	0.0
(2070) Public/Private Partnerships	39,050	382	0	-382	0.0	0.0	0.0	0.0
(2080) Neighborhood Investment Fund	12,330	19,162	6,793	-12,368	2.7	4.0	4.0	0.0
Subtotal (2000) Deputy Mayor for Planning and Economic Development	67,114	28,690	13,224	-15,465	22.5	29.5	25.0	-4.5
(4000) Instrumentality Economic Development								
(4020) Development and Disposition Activity	4,498	12,163	9,962	-2,202	34.6	35.0	34.0	-1.0
Subtotal (4000) Instrumentality Economic Development	4,498	12,163	9,962	-2,202	34.6	35.0	34.0	-1.0
(7000) Intra-District Agreements								
(7011) Economic Development CFO Indirect Costs	45	0	0	0	0.0	0.0	0.0	0.0
Subtotal (7000) Intra-District Agreements	45	0	0	0	0.0	0.0	0.0	0.0
Total Proposed Operating Budget	73,332	42,060	23,614	-18,445	59.0	64.5	62.0	-2.5

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Note: For more detailed information regarding the proposed funding for the activities within this agency's programs, please see **Schedule 30-PBB Program Summary by Activity** in the **FY 2011 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2011 Proposed Budget Changes

Intra-Agency Adjustments: The following adjustments were made in Local Funds: a net decrease of \$60,710 in Contractual Services within the Economic Development Financing program, a shift of \$154,000 in Personal Services within the Economic Development Financing program to the Special Purpose Revenue Fund, and net increase of \$947 to align the fleet assessment with estimates from the Department of Public Works.

Transfers In/Out: DMPED will transfer out \$562,922 within its Local fund to the new fixed cost agency and the Office of Finance and Resource Management for facility and telecom fixed cost services. DMPED will also transfer out \$601,195 within its Local fund to the Office of Contracting and Procurement and the D.C. Department of Human Resources to fund procurement and human resource services provided to DMPED by those agencies.

Cost Savings: DMPED identified savings that would have a nominal affect on the agency's ability to advance economic development in the District of Columbia. DMPED will reduce 2.5 vacant FTE positions within the Deputy Mayor for Planning and Economic Development program that will yield the agency a savings of \$239,352. Additionally, DMPED will reduce the amount budgeted in the Neighborhood Investment Fund activity by \$14,364,000 to realign the program's expenditures with forecasted revenue estimates. DMPED will continue to provide \$6,793,341 through the Neighborhood Investment Fund to finance economic development and neighborhood revitalization in 12 targeted areas of the District. Lastly, DMPED will initiate a net decrease of \$1,000,000 within their Special Purpose Revenue budget for various functions that include expenditure realignments to meet forecasted revenues, nonpersonal services, contractual services and salary adjustments. DMPED's FY 2011 budget also includes a reduction of \$208,007 in other services and changes to fund the District Job Growth and Tax Exempt Clarification Act of FY 2010.

Protected Programs: DMPED's focus will continue to be to support the Mayor in developing and executing the District's economic development vision. DMPED sets development priorities and policies,

coordinates how the District markets itself to businesses and developers, fosters catalytic real estate developments, and promotes job opportunities for local residents. DMPED also works to promote its mission by focusing on outreach to neighborhood stakeholders, and by forging partnerships between government, business, and communities to foster economic growth for residents of the District of Columbia.

Policy Initiatives: The FY 2011 budget introduces a number of DMPED policy initiatives to address the FY 2011 budget shortfall and maintain the quality of service that the agency provides to the District. These initiatives include an amended lease agreement with the Washington Convention and Sports Authority to direct shared revenue to city-wide economic development initiatives; a realignment of expenditures; and to the extent possible, leveraging in-house expertise while decreasing the agency's reliance on contractual services. The FY 2011 proposed budget also includes a cost increase of \$100,000 to fund the fiscal impact of Bill 18-0250, the "Senior Housing Modernization grant Fund Act of 2010".

FY 2010 Approved Budget to FY 2011 Proposed Budget, by Revenue Type

Table EB0-5 itemizes the changes by revenue type between the FY 2010 approved budget and the FY 2011 proposed budget.

Table EB0-5

(dollars in thousands)

	PROGRAM	BUDGET	FTE
LOCAL FUNDS: FY 2010 Approved Budget and FTE		4,020	15.5
Transfer Out: Transfer facility and telecom fixed costs to the new fixed cost agency and OFRM	Agency Management Program	-563	0.0
Transfer Out: Transfer out procurement and human resources assessments to OCP/DCHR	Agency Management Program	-601	0.0
Cost Decrease: NPS reduction to fund B18-658, the "District Job Growth Incentive Act of 2010"; and B18-684, the "IHOP Restaurant #3221 Tax Exemption Clarification Act of 2010"	Deputy Mayor for Planning and Economic Development	-208	0.0
Cost Increase: To fund the fiscal impact of Bill 18-0250	Deputy Mayor for Planning and Economic Development	100	0.0
Eliminate: Reduce FTEs	Deputy Mayor for Planning and Economic Development	-239	-2.5
Cost Decrease: Decrease contractual funding for Professional Services	Instrumentality Economic Development	-61	0.0
Cost Increase: Align fleet assessment with DPW estimates	Instrumentality Economic Development	1	0.0
Shift: Fund FTE from Special Purpose Revenue	Instrumentality Economic Development	-154	-1.0
Reduce: Hold salary steps constant (less than \$1,000)	Multiple Programs	0	0.0
LOCAL FUNDS: FY 2011 Proposed Budget and FTE		2,295	12.0
DEDICATED TAXES: FY 2010 Approved Budget and FTE		21,164	4.0
Cost decrease: Realignment of expenditures to meet revenue estimates	Deputy Mayor For Planning & Economic Development	-14,364	0.0
Reduce: Hold salary steps constant	Multiple Programs	-7	0.0
DEDICATED TAXES: FY 2011 Proposed Budget and FTE		6,793	4.0
FEDERAL PAYMENTS: FY 2010 Approved Budget and FTE		0	0.0
Create: Saint Elizabeths Hospital site redevelopment	Instrumentality Economic Development	1,000	0.0
FEDERAL PAYMENTS: FY 2011 Proposed Budget and FTE		1,000	0.0
FEDERAL GRANT FUNDS: FY 2010 Approved Budget and FTE		8,000	0.0
Cost Decrease: Realignment of expenditures to meet revenue estimates	Instrumentality Economic Development	-3,000	0.0
FEDERAL GRANT FUNDS: FY 2011 Proposed Budget and FTE		5,000	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2010 Approved Budget and FTE		8,226	42.0
Cost Decrease: Eliminate funding for contractual IT services	Instrumentality Economic Development	-4	0.0
Cost Decrease: Realignment of expenditures to meet revenue estimates	Instrumentality Economic Development	-270	0.0
Cost Increase: Adjust salary to reflect fringe benefits based on historical growth rates	Instrumentality Economic Development	55	0.0
Enhance: Revenue adjustment from WCSA to support city-wide economic development initiatives	Instrumentality Economic Development	500	0.0

(Continued on next page)

Table EB0-5 (continued)
(dollars in thousands)

	PROGRAM	BUDGET	FTE
SPECIAL PURPOSE REVENUE FUNDS (cont)			
Shift: Receive FTE from Local Funds	Instrumentality Economic Development	154	1.0
Cost Decrease: Reduce funding for nonpersonal services	Instrumentality Economic Development	-783	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2011 Proposed Budget and FTE		7,878	43.0
INTRA-DISTRICT FUNDS: FY 2010 Approved Budget and FTE		650	3.0
Reduce: Hold salary steps constant	Multiple Programs	-2	0.0
INTRA-DISTRICT FUNDS: FY 2011 Proposed Budget and FTE		648	3.0
Gross for EB0 - Office of the Deputy Mayor for Planning and Economic Development		23,614	62.0

Agency Performance Plan

The agency's performance plan has the following objectives for FY 2011:

Objective 1: Manage and deliver the District's economic development programs and projects.

Objective 2: Increase public access and exposure to economic development information.

Objective 3: Add to the District's portfolio of affordable housing stock

Agency Performance Plan

Table EB0-6

Measure	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Ratio of private funds to public funds leveraged through DMPED projects ¹	-	3:1	7.98:1	3:1	3:1	3:1
Number of community economic development meetings held	12	16	16	18	20	20
Number of agency website traffic (website hits)	-	-	-	Baseline	TBD	TBD
Units of affordable housing	589	1,000	1,154	200	500	1,000
The total number of jobs created for District of Columbia residents as a result of the agency's programs or initiatives.	N/A	N/A	N/A	TBD	TBD	TBD
The total number of Affordable Dwelling Units (ADUs) created as a result of the agency's programs or initiatives.	N/A	N/A	N/A	TBD	TBD	TBD
The total number of square feet of retail space created as a result of the agency's programs or initiatives.	N/A	N/A	N/A	TBD	TBD	TBD

¹. Measured by ratio of public funds (contributions by DC local government) to private investment (private monies from private sector investors or lenders). Funds from federal government sources should be excluded from the formula.

In addition to these key performance indicators, there are a number of other metrics by which we can also trace economic development for the District. DMPED's responsibilities include building a 21st century, globally-competitive sustainable capital city. To these ends, DMPED is working to expand the current tax base, diversify the tax revenue generated, attract and retain businesses in the District, make targeted investments in neglected neighborhood corridors, foster a more predictable and transparent business climate, and create and expand opportunities for high value jobs for DC residents.

